

106TH CONGRESS  
1ST SESSION

# S. 1086

To amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 20, 1999

Mrs. HUTCHISON (for herself, Mr. DURBIN, Mr. HELMS, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL**  
4                               **RETIREMENT ACCOUNTS FOR CHARITABLE**  
5                               **PURPOSES.**

6               (a) IN GENERAL.—Subsection (d) of section 408 of  
7       the Internal Revenue Code of 1986 (relating to individual

1 retirement accounts) is amended by adding at the end the  
 2 following new paragraph:

3           “(8) DISTRIBUTIONS FOR CHARITABLE PUR-  
 4       POSES.—

5           “(A) IN GENERAL.—No amount shall be  
 6       includible in gross income by reason of a quali-  
 7       fied charitable distribution from an individual  
 8       retirement account to an organization described  
 9       in section 170(c).

10           “(B) SPECIAL RULES RELATING TO CHARI-  
 11       TABLE REMAINDER TRUSTS, POOLED INCOME  
 12       FUNDS, AND CHARITABLE GIFT ANNUITIES.—

13           “(i) IN GENERAL.—No amount shall  
 14       be includible in gross income by reason of  
 15       a qualified charitable distribution from an  
 16       individual retirement account—

17           “(I) to a charitable remainder  
 18       annuity trust or a charitable remain-  
 19       der unitrust (as such terms are de-  
 20       fined in section 664(d)),

21           “(II) to a pooled income fund (as  
 22       defined in section 642(c)(5)), or

23           “(III) for the issuance of a chari-  
 24       table gift annuity (as defined in sec-  
 25       tion 501(m)(5)).

1 The preceding sentence shall apply only if  
2 no person holds an income interest in the  
3 amounts in the trust, fund, or annuity at-  
4 tributable to such distribution other than  
5 one or more of the following: the individual  
6 for whose benefit such account is main-  
7 tained, the spouse of such individual, or  
8 any organization described in section  
9 170(c).

10 “(ii) DETERMINATION OF INCLUSION  
11 OF AMOUNTS DISTRIBUTED.—In deter-  
12 mining the amount includible in the gross  
13 income of any person by reason of a pay-  
14 ment or distribution from a trust referred  
15 to in clause (i)(I) or a charitable gift annu-  
16 ity (as so defined), the portion of any  
17 qualified charitable distribution to such  
18 trust or for such annuity which would (but  
19 for this subparagraph) have been includible  
20 in gross income—

21 “(I) shall be treated as income  
22 described in section 664(b)(1), and

23 “(II) shall not be treated as an  
24 investment in the contract.

1 “(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No  
 2 amount shall be includible in the gross in-  
 3 come of a pooled income fund (as so de-  
 4 fined) by reason of a qualified charitable  
 5 distribution to such fund.  
 6

7 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the  
 8 term ‘qualified charitable distribution’ means  
 9 any distribution from an individual retirement  
 10 account—  
 11

12 “(i) which is made on or after the  
 13 date that the individual for whose benefit  
 14 the account is maintained has attained age  
 15 59½, and

16 “(ii) which is made directly from the  
 17 account to—

18 “(I) an organization described in  
 19 section 170(c), or

20 “(II) a trust, fund, or annuity re-  
 21 ferred to in subparagraph (B).

22 “(D) DENIAL OF DEDUCTION.—The  
 23 amount allowable as a deduction under section  
 24 170 to the taxpayer for the taxable year shall  
 25 be reduced (but not below zero) by the sum of

1           the amounts of the qualified charitable distribu-  
2           tions during such year which would be includ-  
3           ible in the gross income of the taxpayer for  
4           such year but for this paragraph.”

5           (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall apply to taxable years beginning after  
7 the date of the enactment of this Act.

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